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# FEDERAL ENERGY REGULATORY COMMISSION

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WASHINGTON, D.C. 20426

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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

February 2, 1999  
Docket No. ER97-1543-000

### BINDING ARBITRATION RESOLVES UTILITY'S STRANDED COST DISPUTE

For the first time, the Federal Energy Regulatory Commission today accepted the award in a binding arbitration that resolves a stranded cost dispute between a public utility and one of its wholesale electric customers.

The case centered on whether Duquesne Light Company was entitled to recover stranded costs from the Borough of Pitcairn, Pennsylvania--a former wholesale power customer--and if so, in what amount. Order No. 888 provides for the opportunity to recover stranded costs--that is, costs that were prudently incurred to serve a customer that may go unrecovered if the customer uses open access to move to another supplier. Pitcairn now purchases its power from Kentucky Utilities Company. As a result of today's action Duquesne Light will receive \$400,000.

Commission Chairman James J. Hoecker commented: "ADR is especially well suited to resolve cases such as this. The Commission, as it re-engineers itself to meet the challenges of a competitive bulk power market, must promote early resolution of contested matters and complaints through expanded use of consensual decision-making processes, particularly ADR. Using professionally trained neutrals can help find creative solutions to seemingly intractable disputes, where litigation would impose a disproportionate burden on one or both of the parties. I urge others with disputes before the Commission, either currently or potentially, to follow the lead of these parties."

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The Commission's rule establishing guidelines for alternative dispute resolution (ADR) encourages the use of mediation and arbitration as alternatives to costly litigation procedures.

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